

**NOMINATIONS OF HON. RUTH Y. GOLDWAY AND
TONY HAMMOND**

HEARING

BEFORE THE

**COMMITTEE ON
GOVERNMENTAL AFFAIRS
UNITED STATES SENATE**

ONE HUNDRED SEVENTH CONGRESS

SECOND SESSION

ON THE

**NOMINATIONS OF HON. RUTH Y. GOLDWAY AND TONY HAMMOND TO
BE COMMISSIONERS OF THE POSTAL RATE COMMISSION**

OCTOBER 8, 2002

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NOMINATIONS OF HON. RUTH Y. GOLDWAY AND TONY HAMMOND

TUESDAY, OCTOBER 8, 2002

U.S. SENATE,
COMMITTEE ON GOVERNMENTAL AFFAIRS,
Washington, DC.

The Committee met, pursuant to notice, at 9:05 a.m., in room SD-342, Dirksen Senate Office Building, Hon. Daniel K. Akaka, presiding.

Present: Senator Akaka.

OPENING STATEMENT OF SENATOR AKAKA

Senator AKAKA. The Committee will please come to order. I want to thank our colleagues and our guests for being with us today.

This morning, we are considering the nominations of Hon. Ruth Goldway and Tony Hammond, who are nominated to serve six-year terms as Commissioners of the Postal Rate Commission. We are pleased to have this morning my friend, Senator Bond, who will introduce Mr. Hammond. I understand that Senator Clinton will arrive shortly to introduce Ms. Goldway, however, we will continue until she arrives.

Senator Bond, we really appreciate your coming and taking time before this hearing to introduce Mr. Hammond. I know you have lots to tell about him, so you may proceed.

TESTIMONY OF HON. CHRISTOPHER S. BOND, A U.S. SENATOR FROM THE STATE OF MISSOURI

Senator BOND. Thank you very much, Mr. Chairman. I really appreciate the honor of being able to join you today to present my good friend and fellow Missourian, Tony Hammond, for consideration for appointment as Commissioner of the Postal Rate Commission. As I was saying to Tony, the Postal Rate Commission is the creature that we love to hate. As we are bombarded with letters and e-mails complaining about the post office and the rate increases, at least there are now friendly faces that we can put on that when we respond indignantly about the high cost of postal service.

Nevertheless, the Congress did establish the Postal Rate Commission and gave them very important powers. This is a significant responsibility, one that is very necessary for the commerce of the United States, and I think Tony Hammond, who was nominated by the President this past April, is well qualified to handle those responsibilities.

Tony was born in Hickory County, Missouri, where he still owns his family farm. He graduated from Southwest Missouri State University in Springfield.

I first became acquainted with Tony when he served on Capitol Hill for 10 years between 1979 and 1989. During that time, he worked as Legislative Director for our good mutual friend, the late Missouri Congressman Gene Taylor. During Gene Taylor's tenure as ranking member of the Post Office and Civil Service Committee, Tony Hammond dealt with the many diverse issues and interests concerning the U.S. Postal Service rates and operation. He had real on-the-job training for the issues dealt with by the Postal Rate Commission. He practiced writing up the letters that now he is going to have to respond to as a member of the Postal Rate Commission.

Mr. Chairman, I know that you served with and remember the late Congressman Taylor during the time he was in the House. When I first came to Washington, I roomed with him for a couple of months while I was waiting for a house. But if we really wanted to spice up the record of this hearing, we could go into executive session and I expect the three of us could spend the better part of the morning exchanging Gene Taylor stories, all with good intent, but I would prefer they be in executive session.

Missouri has produced some very colorful people in its history, but Gene Taylor was considered by many to be our 20th century Mark Twain and a gentleman who will certainly be missed. But I can assure you that his guidance and leadership helped train Tony Hammond and prepare him for this important post.

Before being nominated to the Rate Commission, Tony owned and was a managing member of T. Hammond Company, a private consulting firm based in Arlington, Virginia. He has also served as the Senior Vice President of the direct marketing firm Feather, Larson and Synhorst and senior consultant to Forbes 2000, Inc.

He has a wealth of experience. He has been a great contributor to his community and to our State. He has been a friend and loyal servant for a great many. It is a real honor today to introduce to you and to give high recommendation to Tony Hammond for appointment to be Commissioner of the Postal Rate Commission.

Senator AKAKA. Thank you very much, Senator Bond, for your personal notes, as well. We really appreciate your statement.

Senator BOND. Thank you, Mr. Chairman.

Senator AKAKA. Before we proceed further, I would like to welcome Commissioner Omas, Chairman of the Postal Rate Commission, and Commissioner Covington, the PRC's Vice Chairman-elect. I want to welcome you to the hearing this morning.

The Committee rules require that an inquiry be conducted into the experience, qualifications, suitability, and integrity of a nominee to serve in the position to which he or she has been named. The Committee has received all the required information on our two nominees. Ms. Goldway and Mr. Hammond have provided written responses to pre-hearing questions submitted by the Committee concerning issues relevant to the position on the Postal Rate Commission. Our Committee staff have reviewed all of the information, including the financial disclosure reports submitted by the Office of Government Ethics.

Copies of the nominees' biographical information and prehearing responses will be included in the record as part of this hearing and will be available upon request. Our witnesses' financial statements are available for inspection by the public in the Committee office, and Senator Cochran and I have personally reviewed their FBI background investigation reports.

The Committee rules require that all nominees be under oath while testifying on matters relating to their suitability for office, including the policies and programs which the nominees will pursue, if confirmed.

Ms. Goldway and Mr. Hammond, would you please stand and raise your right hand. Do you solemnly swear to tell the truth, the whole truth, and nothing but the truth, so help you, God?

Ms. GOLDWAY. I do.

Mr. HAMMOND. I do.

Senator AKAKA. Thank you. Please be seated.

Ms. Goldway and Mr. Hammond, I want to thank you for being with us and to congratulate you on your nominations. If either of you have anyone you would wish to recognize at this hearing, please do so at this time. Ms. Goldway?

Ms. GOLDWAY. Thank you, Senator Akaka. At this time, I would simply like to introduce my husband, Ambassador Derek Shearer, who is with me today who has been my partner and best friend in all of my life's endeavors, and particularly in my public service career.

Senator AKAKA. Thank you very much for being here. Mr. Hammond, do you have anyone here?

Mr. HAMMOND. Just my nephew, Tracy Hammond of Washington, DC is with us here today.

Senator AKAKA. Thank you. Now, we will welcome your opening statement or comments that you may have. Ms. Goldway, will you please proceed with your statement.

TESTIMONY OF HON. RUTH Y. GOLDWAY,¹ TO BE A COMMISSIONER ON THE POSTAL RATE COMMISSION

Ms. GOLDWAY. My statement includes a thank you to Senator Clinton, so we will—when she arrives shortly. Thank you, Senator Akaka and Members of the Committee. Thank you for inviting me to appear this morning. I respect and appreciate the careful consideration you have given to Postal issues during the 4½ years that I have served on the Postal Rate Commission.

And I want to thank Senator Clinton for coming today to introduce me. She has provided many kindnesses to me and my family over the years and was instrumental in my first appointment. For the record, I wanted to note that Senator Clinton was instrumental in establishing the first semi-Postal stamp, the breast cancer research stamp, which I supported as a Commissioner, and she has now been involved in your efforts to establish the semi-Postal stamp honoring the September 11 heroes.

At my first appearance before this Committee as a Postal Rate Commission neophyte, Senator Levin kindly granted me the benefit

¹Biographical information and responses to prehearing questions from Ms. Goldway appear in the Appendix on pages 10 and 18 respectively.

of the doubt regarding my competence, because I had the good sense to go to the University of Michigan. [Laughter.]

Now I am here again, and I come before the Committee today with what I believe is a record of accomplishments and attention to issues that demonstrate my competence and my commitment to the work of the Postal Rate Commission.

Consistent with my longtime interests in consumer issues, I have focused attention on how household consumers are affected by the Postal Service with regard to the rates they pay and the service that they receive, such as the reliability and value of Priority Mail. I have also worked hard to ensure that rates for all users reflect an accurate assessment of the attributable costs and a fair share of institutional costs.

Through written opinions, op-ed pieces, supplemental testimony, meetings with Congressional and Senate staff, and public appearances, I have sought to bring these issues to the public and to the Postal Service's attention.

I am grateful for the opportunity the Senate has provided me to serve our country. If you honor me with a second term on the PRC, I pledge to work diligently and creatively with each of you, your Committee staff, the Postal Service, the mailing community, and with Chairman George Omas and my colleagues on the Commission to assure the health, vitality, and future of the Postal Service. Together, we must plan for its transformation into a communications network for the 21st Century, while continuing to uphold its unique responsibility to bind the Nation, delivering the mail as uniformly as possible to every American household.

Thank you, and I am pleased to answer any questions that you might have.

Senator AKAKA. Thank you very much. I want to ask Mr. Hammond for your statement. Will you please proceed?

TESTIMONY OF TONY HAMMOND,¹ TO BE A COMMISSIONER ON THE POSTAL RATE COMMISSION

Mr. HAMMOND. Thank you, Mr. Chairman. I greatly appreciate you and the Committee taking time during this very busy session towards the end of Congress for scheduling this hearing, and a special thanks to Senator Bond for taking time out of his schedule, also, to come and be here today.

In the interest of time, because of your schedule, I prepared no special opening statement. I am pleased to be here with my fellow Commissioner, Ruth Goldway, and I look forward to being able to work with you and the Committee staff on the betterment of the Postal Service. Thank you very much for taking the time.

Senator AKAKA. Thank you very much for your statement. Ms. Goldway and Mr. Hammond, the Committee has three questions we ask of all nominees. I ask that you respond to them together.

Is there anything you are aware of in your backgrounds that might present a conflict of interest with the duties of the office to which you have been nominated?

Ms. GOLDWAY. I don't believe there is anything.

¹Biographical information and responses to prehearing questions from Mr. Hammond appear in the Appendix on pages 29 and 36 respectively.

Mr. HAMMOND. No.

Senator AKAKA. Do you know of any reason, personal or otherwise, that would in any way prevent you from fully and honorably discharging the responsibilities of the office for which you have been nominated?

Ms. GOLDWAY. No.

Mr. HAMMOND. No.

Senator AKAKA. Do you agree, without reservation, to respond to any reasonable summons to appear and testify before any duly constituted Committee of Congress if you are confirmed?

Ms. GOLDWAY. I do.

Mr. HAMMOND. Yes, most certainly.

Senator AKAKA. Thank you so much for your responses. I have a few questions of my own, but before I proceed with the question, I want to welcome Senator Clinton. While she is catching her breath, I want to introduce her to Tony Hammond. We are delighted to have you here, Senator Clinton. We know you have a personal relationship with Ms. Goldway and would look forward to a statement from you and any introductions you may have this morning.

**TESTIMONY OF HON. HILLARY RODHAM CLINTON, A U.S.
SENATOR FROM THE STATE OF NEW YORK**

Senator CLINTON. Thank you so much, Mr. Chairman. I am delighted and honored to be here and have this opportunity to speak on behalf of Commissioner Goldway. She has been nominated for a full term to the Commission on which she has served honorably and well since 1998. She has been a friend of mine for many, many years and she has deep ties in New York, having grown up in the city and attended public schools all the way through City College.

She has, as I am sure the record reflects, a remarkable array of accomplishments, working at the highest levels as a public affairs professional with expertise in consumer issues, urban planning, education, and the arts. She has also helped protect the consumer as an Assistant to the Director of California's Department of Consumer Affairs during the 1970s, and served the public as a city council member and Mayor of the City of Santa Monica from 1979 to 1983.

During her tenure on the Postal Rate Commission, she has shown a true commitment to improving our mail service for household consumers, as well as a commitment to the overall effectiveness of the U.S. Postal Service. I express the strongest possible support, both as a longtime friend, but equally important in this context, as a user of the mail, for the Commissioner's nomination, and I thank you, Mr. Chairman, for letting me come and make my statement. I apologize for being a little tardy today and I look forward to our continuing work together. Thank you.

Senator AKAKA. Thank you very much, Senator Clinton, for your personal remarks. We certainly appreciate your appearance here this morning.

Senator CLINTON. Thank you, Mr. Chairman.

Senator AKAKA. Thank you. I would like to continue with my question to Ms. Goldway.

You are being nominated to a second term as a Postal Rate Commissioner. The Postal Reorganization Act of 1970 gives the Postal Service a clear mandate to develop innovative, effective, and efficient services for the Nation's mail users. In this era of expanding Internet use, the Postal Service is having to adjust to this cultural shift in order to maintain competitive rates and to break even. As a member of the PRC, what role do you see the Commission taking in the future to ensure the vitality of the Postal Service?

Ms. GOLDWAY. I think our primary role is to consider the innovations in rates and classifications that the Postal Service would present to us and to both facilitate those innovations and to consider them in the light of the entire mailing community so that those innovations work effectively for everyone.

Our responsibility is to look at the entire network of communications and how the Postal Service fits into that. So when we review these suggested innovations, I think we want to make sure that the public's overall concerns are met, not just the Postal Service.

I think we also are very much involved in the discussions about the future of the Postal Service, and we have, both in the context of written opinions in hearings and in meetings such as the summit that occurred in June, provided new ideas for the Postal Service to consider with regard to phased rates or a non-denominational stamp or ways to provide additional information on mailing material that the public might find beneficial.

We are not responsible for the day-to-day operations of the Postal Service, but I think in the regulatory role that we provide, we can offer suggestions and occasionally leadership in how to assist the Postal Service in adjusting to these changing markets.

Senator AKAKA. Thank you for your response.

Mr. Hammond, I am not sure if you have had an opportunity to review the transcripts of the two Postal Rate Summits convened this summer by the Postal Service and the PRC, but I know there was a lively discussion of the use of phased rates. What are your thoughts on the use of phased rates?

Mr. HAMMOND. Well, I have had an opportunity to look at the phased rate issue with regard to the two summits which were held, but not in great detail because I was not on the Commission yet when those two summits sponsored by the PRC and the Postal Service were held. But I know there have been a great deal of comments lately, especially from the mailing industry, about predictability and stability in the rates.

I would not want to comment before I actually saw what was before us, but indeed, I think that there needs to be further discussion of the phased rates. I think it is beneficial for dialogue to continue. And while I would not want to say that I would automatically go for phased rate increases before we had a case before us, I think it is very beneficial to continue the discussion on that right now.

Senator AKAKA. Thank you. Ms. Goldway, the Postal Service has filed a request for a negotiated service agreement with the Postal Rate Commission. What is the time frame for the consideration of the NSA and will the PRC handle this case differently than other rate cases?

Ms. GOLDWAY. We are hoping to proceed with this case within 6 months. I think 180 days is our framework. We believe that we can review cases that are discrete in this manner in a shorter time frame than we do the comprehensive rate cases, and we believe that, at least initially, the outlook is for a cooperative discussion and as speedy as possible decision.

While I do not want to commit to a specific time frame because we have obligations with regard to due process and we are not yet certain how many parties will intervene in the case, it does look like we can review this perhaps in even a shorter time frame than the guidelines that we have established for ourselves.

Senator AKAKA. Thanks for your response. The Postal Service has been criticized for providing inadequate financial data in rate cases. Ms. Goldway, you have had an opportunity to decide rate cases. What do you believe would assist the Commission in its rate case deliberations?

Ms. GOLDWAY. The crux of our decision making process at the Postal Rate Commission is determining what the costs are that the Postal Service is incurring so that we can decide on the fair rates that are needed. We regularly have disputes about the information that is put before us with regard to whether it is adequate or sufficient, and there is a great deal of motions practice and time involved in requesting more information from the Postal Service so that we feel comfortable making decisions about costs, and some disputes with some of the parties about what is the accurate information that the Postal Service is providing.

I feel certain that if the Postal Rate Commission had subpoena power, we could request information from the Postal Service, not that we would necessarily use that subpoena power, but the indication that we had that power would provide us with an opportunity to get the cost information we need more quickly with fewer disputes among the parties, and that, in fact, it might facilitate decisions that we make and speed the process along. So I have been an advocate for a change in the legislation that would give us that power to get more information.

Senator AKAKA. Thank you. Mr. Hammond, as the Postal Service's transformation plan is implemented, there may be plant consolidations and post office closings. Would you explain the role played by the PRC in decisions relating to locating, relocating, or closing facilities?

Mr. HAMMOND. There is a specific appeals process to the Postal Rate Commission that is in the regulations. There has been since the Reorganization Act. One of the things that we are responsible for assuring is that all the rules are followed in any closings or consolidations. I think because of the monopoly situation that the Postal Service has, I think it is a very big responsibility for the Postal Rate Commission to especially scrutinize that process.

While we do not have any closing cases before us right now, yes, indeed, the transformation plan anticipates possibly that being done. It appears to me that the regulations in place do adequately cover the potential for a citizen or individuals, to ask for the review process by the Rate Commission. But if the Postal Service was unresponsive, and I have no indication that they would be, but if they were unresponsive, that any further regulatory power that the

Rate Commission might need could be necessary in case that did occur.

Senator AKAKA. I would also ask that question to Ms. Goldway, in commenting on the role played by the PRC in decisions relating to locating, relocating, or closing facilities. We have chatted with the Postmaster General about this. As you know, anywhere in the United States, whenever folks from the community hear there might be a closing, Congress hears from them. So it is a very sensitive matter and I thought I would ask you, also, for comments on this.

Ms. GOLDWAY. Thank you, Senator Akaka. As a former mayor, I am particularly interested in this and have thought about it in the context of urban planning issues and how important post offices can be to the social fabric of the communities that they are in.

I do not believe that the issues about post office closings or locations are adequately addressed in the current legislation. I am not necessarily seeking power for the Postal Rate Commission with regard to more review, but I feel that there is not yet an adequate way in which we can both assure that post offices of a historical significance or of a particularly important social significance to small communities are preserved and still give the Postal Service the flexibility it needs to consolidate, because I believe it does need more flexibility to consolidate and close Postal facilities and to place Postal facilities in other institutions that people go to more readily.

So I think this is an issue that needs to be discussed and worked on further. I feel that the current legislation, while it does provide individual citizens with an opportunity to appeal to us if the Postal Service acts improperly within their own regulations, we are not given any power to tell the Postal Service to change their actions if we determine that they have not been appropriate. We simply provide a public forum for people's concerns without any avenue for address.

So I am not sure it is an adequate regulation and legislation at the moment, and I would like to work further with the Postal Service and with the Congress in considering ways that we might address those concerns because I know you experience them, as well, in your home State. I think this is an issue that the Postal Service is going to have to address very quickly in the coming years to save costs.

Senator AKAKA. I want to thank Ms. Goldway and Mr. Hammond. Thank you again for your cooperation with this process and for being with us today. It has been, I would say, if anything, a personal hearing with friends in the Senate and we look forward to the confirmation process being completed as soon as we can.

If there are any further questions, we will certainly send them to you for any response.

I have no further questions for you. I want to thank you again for coming and wish you well in all that you do.

If there is no further business to come before the Committee, the hearing is adjourned.

[Whereupon, at 9:37 a.m., the Committee was adjourned.]

A P P E N D I X

PREPARED STATEMENT OF SENATOR BUNNING

Thank you, Mr. Chairman.

This country's mail system is one of the most basic and important functions of government. Six days a week, Americans across the country rely on their mail carriers to deliver their letters and packages.

Last year's anthrax attacks showed us how important reliable mail delivery is.

However, the Postal Service is facing some serious financial problems that must be addressed in the coming months and the Postal Rate Commissioners will play a large part in the Postal Service's success as they consider Postal Rate increases.

Postal Rate Commissioners also have other important duties, including investigating complaints by postal customers about Postal rates and fees and hearing appeals from Postal customers about the closing of their retail post office.

I hope that you will always keep in mind the affect that closing a post office can have on a community—particularly a small, rural community, and that this is a decision that should not be made lightly.

I appreciate the time our two witnesses have taken to be here today, and look forward to hearing from them.

PREPARED STATEMENT OF DIANNE FEINSTEIN, A U.S. SENATOR FROM THE STATE OF CALIFORNIA

I am pleased to introduce Ruth Goldway to the Committee. Ms. Goldway has been nominated by President Bush to be a Commissioner of the U.S. Postal Rate Commission and has been serving as a Commissioner since 1998.

Ms. Goldway is married to Professor Derek Shearer and they have three children: Julie, Anthony, and Casey.

Before serving on the Commission, Ms. Goldway traveled with her husband to Finland where he served as U.S. Ambassador from 1994 through 1997.

I am proud to say that Ms. Goldway has also served the people of my State, California:

- Ms. Goldway served as Director of Public Affairs at California State University, Los Angeles;
- She was Assistant to the Director of California's Department of Consumer Affairs where she was a successful advocate on behalf of consumers, women, and urban issues; and
- Ms. Goldway was elected council member and Mayor of the City of Santa Monica and served as Founder and Chairperson of the Santa Monica Pier Restoration Corporation.

Serving as a Commissioner these last four years, Ms. Goldway has become well respected not only by her colleagues but by those whose businesses are tied to the operations of the U.S. Postal Service.

Her experience in public and private life has brought an invaluable perspective to the complex issues facing the U.S. Postal Service during a time of increasing uncertainty. I am confident that Ms. Goldway will continue to make significant contributions to the Commission with her reasoned judgments on postal rates and service standards.

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

A. BIOGRAPHICAL INFORMATION

1. **Name:** (Include any former names used.)
Ruth Yannatta Goldway, Ruth Goldway Yannatta (1965-78)
2. **Position to which nominated:**
US Postal Rate Commissioner
3. **Date of nomination:**
August 8, 2002
4. **Address:** (List current place of residence and office addresses.)

US Postal Rate Commission, 1333 H St., NW, Washington, DC 20608
5. **Date and place of birth:**
September 17, 1945 New York, New York
6. **Marital status:** (Include maiden name of wife or husband's name.)
Married, Derek Shearer
7. **Names and ages of children:**

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.
Bronx High School of Science, New York, 1958-1962
University of Michigan, Ann Arbor, BA with Honors, Eng Lit., 1962-1965
Wayne State University, Detroit, MA, Eng. Lit., 1968-1969
UCLA, Coursework towards a PhD., 1970-71
9. **Employment record:** List all jobs held since college, including the title or description of job, name of employer, location of work, and dates of employment. (Please use separate attachment, if necessary.)
Please See Attachment Number 1(not on disc)
10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with federal, State, or local governments, other than those listed above.
Santa Monica Pier Restoration Corp., founding board member and Chair, 1983-94
US Congress Joint Economic Committee, Expert Witness of Urban Growth, 1981
US Congress Office of Technology Assessment, Food Labeling Panel Member, 1978
California Dep't of Food and Agriculture, Consumer Advisory Committee, founding member, 1977-81
Los Angeles City and County Government Consolidation Task Force, 1975-76
California Egg Program Board, first member in history of California from public sector, 1974-75
11. **Business relationships:** List all positions currently or formerly held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.
None
12. **Memberships:** List all memberships and offices currently or formerly held in professional, business, fraternal, scholarly, civic, public, charitable and other organizations.
Boston Museum of Art, member, 2001-present,
A Family Place, Event committee member, 1999-2000
Phillips Gallery, member, 1999-2000
Honorary Chair, American Women's Club of Helsinki, 1994-97
Public Relations Society of So. Cal. Colleges, board member, 1988-90
Amer. Cancer Society, Public Issues Committee member, 1986-94
Alhambra Chamber of Commerce, 1986-91
Pacific Telephone Consumer Advisory Panel, founding member, 1981

13. **Political affiliations and activities:**
- List all offices with a political party which you have held or any public office for which you have been a candidate.
I ran unsuccessfully for the Cal. State Assembly, 44th District as a Democrat in 1977.
I ran for Santa Monica City Council, an officially non-partisan election, in 1979.
I served as Mayor of Santa Monica from 1980-83.
I ran unsuccessfully for reelection to the City Council in 1983.
 - List all memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.
I have been a registered Democrat all of my voting life.
 - Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of \$50 or more for the past 5 years.
Friends of Senator Byron Dorgan, \$2000, Friends of Hillary Clinton, \$500, Friends of Congressman Bonior, \$100, Friends of State Assemblyman Mark Shriver, \$100, County Supervisor Jane Dolan, \$100, DCCC, \$100, DSCC, \$150, Emily's List, \$100 for each of the last five years.
14. **Honors and awards:** List all scholarships, fellowships, honorary degrees, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.
15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.
Fly Like and Eagle, Sting Like a Bee?, *USA Today*, op-ed piece, December 8, 1999
The Postal Service: One Hot Property, *Washington Post*, Op-ed piece, January 19, 2000
Christine Lahti, American Actress with Finnish Roots, *Gloria*, April, 1998
Letters From Finland: Ruth Goldway's Memoir of her Years as US Ambassador, Otava Publishing, 1998, 458pp. (Translated and published in the Finnish Language)
The Getty Center: Los Angeles' New Temple of Culture, *Gloria*, a Finnish magazine, December, 1997.
Diplomats in Dresses: Finland's Many Female Ambassadors, *Gloria*, June 1997
Pretty, Prettier Helsinki: Wife of US Ambassador Looks at Helsinki, *Gloria*, January, 1997
The Taste of America in the 1990s, *Gloria*, August, 1997
Hillary Through a Friend's Eyes: A Review of "It Takes A Village", *Gloria*, March, 1996
The Story of My House: The US Embassy in Helsinki is a Multi-Faceted Stage with an Interesting History, *Gloria*, September, 1995
Where are the Women?: A Comparison of the Roles of American and Finnish Women in Politics and Life in General, *Gloria*, March, 1995
Annual Reports, California State University, 1991,90,89,88, 87
How Women Politicians are Evaluated, *Playgirl*, 1983
Response to the President's National Urban Policy Report, Government Finance, Vol. II, Text of Expert Witness Testimony in front of the JEC of the US Congress, September, 1981
Consumerism in the Supermarket: How to Make our Purchasing Power Powerful, *Town Hall Reporter*, May 1975
The Politics of Jonathan Swift, Masters Thesis for Wayne State Univ., Bound for publication in WSU Library, 1969
16. **Speeches:** Provide the Committee with four copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.
No formal, prepared speeches
17. **Selection:**
- Do you know why you were chosen for this nomination by the President?
I was recommended to the President by Majority Leader Senator Daschle after he

had received recommendations on my behalf regarding the quality and fairness of my work as a Commissioner from Senator Akaka, Chairman of the sub-committee on Federal Services, and from many of the government and interest group representatives with whom I have worked over the last four years. The President's White House Personnel office then interviewed me, conducted a complete review of my work on the Commission, and determined to move my name forward.

What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

I believe I have a breadth of experience in the public sector at all levels of government, and from the Western United States and internationally, that brings a valuable national perspective to the Commission's deliberations. During my first term, I have developed a thorough understanding of the complex technical and business issues that must be considered by the PRC when it makes decisions that impact the Postal Service, others in the mailing industry and the ordinary citizens of the United States. The Postal Service is facing the need for reform and adjustment to a rapidly changing economy. It is important that the PRC include several members who are experienced and fully familiar with the issues of finance and reform that the Postal Service must respond to in the coming years.

B. FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?
As a currently serving Commissioner, my activities are reviewed by our ethics officer each year. I do not maintain any connections with such firms, associations, or organizations.
2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.
No.
3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?
No.
4. Has anybody made a commitment to employ your services in any capacity after you leave government service?
No.
5. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?
Yes.

C. POTENTIAL CONFLICTS OF INTEREST

1. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.
Upon taking office in 1998, I was required to divest myself of the shares I owned of LA Times stock.
2. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy other than while in a federal government capacity.
None.
3. Do you agree to have written opinions provided to the Committee by the designated agency ethics officer of the agency to which you are nominated and by the Office of Government Ethics concerning potential

conflicts of interest or any legal impediments to your serving in this position?
Yes.

D. LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.
2. To your knowledge, have you ever been investigated, arrested, charged or convicted (including pleas of guilty or nolo contendere) by any federal, State, or other law enforcement authority for violation of any federal, State, county or municipal law, other than a minor traffic offense? If so, provide details.
3. Have you or any business of which you are or were an officer, director or owner ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.
4. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

The following refers to all the above questions.

In 1979, soon after I was elected to the Santa Monica City Council and while I was employed as Executive Director of the Center for New Corporate Priorities, the Center was audited by the Inspector General of Los Angeles County after an anonymous allegation was made claiming that funds from the Center's Youth Employment Program grant had been used to pay campaign workers for an initiative referendum on the Santa Monica ballot. The audit found no violations by the Center or its director.

In 1983, a resident of Santa Monica filed a suit against me in the US District Court for the Central District claiming that I had libeled her when answering a question at a meeting in a private home while I was Mayor of Santa Monica. The City Attorney for Santa Monica refused to represent me arguing that the Mayor's position was a voluntary, unpaid job and that I would have to respond to the suit as an individual. In 1984, I brought suit in the Superior Court of Los Angeles County against the City of Santa Monica and won a decision requiring the city to represent me or pay an attorney of my choice. My attorney then defended me in pre-trial motions in which the judge dismissed the libel suit citing my constitutional protection as a public official to state opinions. The plaintiff appealed. The US Circuit Court of Appeals affirmed the lower court ruling in May 1987. The woman who made the libel claim was an active participant in the political organization that vigorously opposed my candidacy in the 1983 election campaign. The suit was widely recognized as political harassment.

While I served in the City Council of Santa Monica, I was routinely named in suits filed against the city and its administration. I was regularly briefed by the City Attorney about pending litigation but was never cited individually in any lawsuit directed at the city.

In 1982, while I was Mayor of Santa Monica, the United Brotherhood of Carpenters and Joiners, Local #1400, AFL-CIO, filed a civil complaint in Superior Court, County of Los Angeles, against me and my husband Derek Shearer, then a member of the Planning Commission. The suit argued that we had violated state law when we participated in a promotional flight to London on Laker Airways. Our attorney answered the initial complaint and the plaintiffs did not pursue the case. It was never litigated.

E. FINANCIAL DATA

*The answers to the Financial portion of this Questionnaire
are available for inspection in SD-340.*

STATE OF CALIFORNIA }
County of Los Angeles } ss.

AFFIDAVIT

Ruth Y. Goldway being duly sworn, hereby states that he/she has read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of his/her knowledge, current, accurate, and complete.

Subscribed and sworn before me this 15th day of August, 2002



Ruth Y. Goldway
Patricia Myers-Holdman
NOTARY PUBLIC

ATTACHMENT #1

PROFESSIONAL EXPERIENCE

U.S. POSTAL RATE COMMISSION
Washington, DC
Commissioner

4/98 - present

- One of five members of the regulatory commission responsible for overseeing the United States Postal Service (USPS) with regard to rates, revenues and classification of service. The USPS has a \$60 billion budget and more than 850,000 employees.

AMERICAN EMBASSY
Helsinki, Finland
*Ambassadress, partner of
U.S. Ambassador to Finland
H.E. Derek N. Shearer*

7/94 - 12/97

- Frequent lecturer at universities and civic organizations, often interviewed for national newspaper and TV stories.
- Freelance journalist with eight published articles in Finland on issues such as American Women in Politics, A Review of "It Takes a Village" and Helsinki Urban Planning and Development.

THE J. PAUL GETTY TRUST
Santa Monica, California
Manager of Public Affairs

4/91 - 5/94

- Responsible for all department administration, including budget, personnel and management systems, local government and community relations, and press relations for several Getty art programs and new campus construction projects.
- Coordinated award-winning press and community events introducing billion dollar museum complex to local, national, and international audiences.

CALIFORNIA STATE UNIVERSITY, LOS ANGELES
Director of Public Affairs

6/86 - 4/91

- Responsible for all university press relations, publications, and government and community relations, reporting directly to the President. Official university spokes-person representing the most ethnically and racially diverse college campus in California.

- Regularly organized special and community events, convocations, cultural presentations, banquets, including bringing internationally-known speakers to campus. Introduced video news releases.
- Directed computer system conversion and upgrades for university catalog, publications processes and alumni and development lists.

F.H.P. CORPORATION
Fountain Valley, California
Manager of Public Affairs

2/86 - 6/86

- Oversaw public announcements and events in conjunction with opening of new corporate headquarters.
- As part of new stock offering, developed financial relations plans, including annual report.

AMERICAN MEDICAL INTERNATIONAL (AMI)
Beverly Hills, California
Director of Internal Communications/Charitable Contributions Officer

9/83 - 6/86

- Initiated and administered a \$1 million annual corporate giving program, reporting to CEO and board of directors.
- Responsible for a 40,000 employee communications and education program including development of brochures, booklets, training and employee participation projects.

CITY OF SANTA MONICA
Santa Monica, California
Mayor and Council Member

4/79 - 4/83

- Coordinated grass-roots citizens movement for local government reform that resulted in being elected Mayor of Santa Monica on a bi-partisan slate.
- Initiated major civic reforms involving urban redevelopment, housing, neighborhood planning councils, and a consumer affairs bureau.
- Directed an annual city budget of \$90 million and 1300 employees. Restructured the City's finances assuring a 5% annual surplus without sacrifice of services and with reinvigoration of existing city staff.

CENTER FOR NEW CORPORATE PRIORITIES, INC. 1/78 - 6/80
Los Angeles, California
Executive Director

- Directed research and advocacy resulting in elimination of discrimination against children in rental housing in California.
- Received awards from and managed projects funded by several leading foundations, including Whitney, Rosenberg and California Council on the Humanities.

CANDIDATE FOR THE CALIFORNIA STATE ASSEMBLY 2/77 - 6/77
44th District West Los Angeles and Santa Monica

- Unsuccessful, but created base for future City Council election

CALIFORNIA DEPARTMENT OF CONSUMER AFFAIRS 3/75 - 1/77
Assistant to the Director

- Supervised staff of 125 employees in Southern California office.
- Proposed and lobbied for consumer reform legislation.
- Organized press conferences, legislative hearings, seminars, and a monthly Public Service Announcement media program.

CALIFORNIA PUBLIC POLICY CENTER, INC. 6/73 - 2/75
Los Angeles, California
Executive Director

- Successfully advocated for consumer labeling legislation and to require public membership on professional and agricultural regulatory boards.
- Provided expert counseling, social service information, media advocacy and legal representation to the public.

DETROIT CIVIL SERVICE COMMISSION 2/66 - 12/68
Detroit, Michigan
Personnel Officer

- Entry level employee trained in test-writing, interviewing techniques, personnel evaluation and civil service regulations.

Pre-Hearing Questionnaire for the
Nomination of Ruth Y. Goldway to be
a Commissioner, Postal Rate Commission

I. Nomination Process and Conflicts of Interest

1. **Were any conditions, expressed or implied, attached to your nomination? If so, please explain.**

No.

2. **Have you made any commitments with respect to the policies and principles you will attempt to implement as a Commissioner on the Postal Rate Commission (PRC)? If so, what are they and to whom have the commitments been made?**

I have made no personal commitments. My only commitment is to faithfully execute the laws and regulations that I would be charged to implement.

3. **If confirmed, are there any issues from which you may have to recuse or disqualify yourself because of a conflict of interest or the appearance of a conflict of interest? If so, please explain what procedures you will use to carry out such a recusal or disqualification.**

I do not envision having to recuse or disqualify myself because of an actual or apparent conflict of interest. I have now served as a Postal Rate Commissioner for over four years and I have not had to recuse myself in any matter. I am well aware of the Standards of Conduct that govern my position. In the event I had to recuse myself, I would follow the procedures set forth in our regulations, which includes consultation with our chief ethics officer (our General Counsel).

II. Role and Responsibilities of a Postal Rate Commissioner

1. **How do you view the role of a PRC Commissioner? What would you highlight from your experience that will enhance your effectiveness in this role?**

First, the role of any PRC Commissioner must be to follow the Code of Ethics for Government Service (set forth in our rules as Appendix A to 39 CFR §3000). A Commissioner also should seek to assist the Postal Service in following the general postal policy prescribed in 39 U.S.C. §403, such as maintaining an efficient system of collection, sorting, and delivery of the mail nationwide. Legislative history and case law indicate that the Commission and the Postal Service should cooperate, and not infringe upon one another's statutory duties. In mail and classification cases, which constitute the bulk of our caseload, I am guided by various statutory directives in 39 U.S.C. §§3622 and 3623. I must consider the interests of the general public, business mail users, and enterprises in the private sector engaged in the delivery of mail matter other than letters,

as well as the overall welfare of the Postal Service.

One focus of my tenure during the last four years has been on the welfare of the household mailer. This arose naturally out of my past experience. I have a longstanding commitment to consumer issues as demonstrated by my positions as Assistant to the Director of California's Department of Consumer Affairs, and as elected council member and mayor of the city of Santa Monica from 1979 to 1983. I also understand postal issues of concern to larger mailers and non-profit organizations, having served as Manager of Public Affairs for the Getty Trust, the largest arts and education foundation in the U.S.; before that I served as Director of Public Affairs at California State University, Los Angeles.

2. What would be your priorities as a Commissioner?

My priorities would be those that have guided my current tenure. Paramount for me is how individual (i.e., household) consumers are affected by the Postal Service in terms of the rates they pay (especially for monopoly, or First Class mail) and the service they receive. I also have worked hard to ensure that business mailers pay rates that reflect an *accurate* assessment of attributable costs and a *fair* share of institutional costs. I have sought to bring service issues to the public and Postal Service's attention, such as the reliability and value of Priority Mail. Finally, in making recommendations to the Board of Governors, I recognize that the continued vitality of the Postal Service is important to us all.

3. What do you see as the main challenges facing the Postal Service? How should the PRC work with postal management to address these challenges?

Management of operations is a Postal Service prerogative and important labor issues are the products of binding arbitration. For example, the Commission cannot alter critical decisions such as the appropriate wage levels for postal workers, or the appropriateness of various work rules. In addition to such labor-management issues, electronic diversion of mail, especially First Class bill payment mail, has the potential to gravely affect the Postal Service. Mailers of all types will expect that as the Postal Service strives to decrease costs, service standards should be maintained.

The Commission should be receptive to innovative thinking in terms of any issues within its jurisdiction, in particular reclassification efforts and pricing of products. It should seek to continue streamlining its decision making process. The Commission in the past has, and should continue to, monitor deficiencies in service. We should work with the Postal Service to improve costing and pricing analysis in order that consumers are paying the optimum prices for the best array of products.

4. What do you see as the main challenges facing the PRC? What will you do, if

confirmed as a Commissioner, to help the PRC address these challenges?

In addition to those challenges addressed above in question three, the Commission is faced with an aging workforce. We are losing expert employees that are not easy to replace. We must recruit highly qualified candidates and retain them. We are working now to reform our pay structure to accomplish this and are encouraging the addition of personnel with strong economics backgrounds to join the agency.

III. Policy Questions

1. **Recently, much attention has been focused on the Postal Service's deteriorating financial situation and its outlook for the future. What do you think the Postal Service needs to do to address its financial situation and ensure its future viability?**

The Service needs to continue to cut costs, and streamline its operations. There are many opportunities to reduce and consolidate mail processing facilities. The Service also needs to continue looking at the future, and transforming itself in broad structural ways. It must recognize that in the not too distant future, a generation comfortable with computer transactions may largely abandon a paper-based payment system, as they have in Finland where I lived for several years. In fact, the federal government itself has placed greater reliance on electronic transactions, such as encouraging electronic deposits, online job applications and tax returns, etc. This makes efficiency-enhancing adjustments necessary and visionary strategic planning essential.

2. **What are your views on the extent to which fundamental reform is needed in the laws and regulations that govern the Postal Service? In what areas of postal operations do you think such reform may be needed? Are changes needed to the role of the PRC as part of postal reform to strengthen its regulatory oversight responsibilities?**

As you may know, in the past I have advocated both eliminating the First Class monopoly, and privatizing the Postal Service. During the 90's economic boom, an IPO of the Postal Service looked quite attractive. Changing times have at least for the moment tempered my enthusiasm for the IPO scenario.

However, we need to think seriously about the scope of the current monopoly and some sort of eventual corporatization or privatization. After all, the Postal Service does very well in some of its competitive offerings, such as with Priority and Express Mail. Competition may improve the lot of the Postal Service. Further, many private sector companies now play a key role in the postal system, preparing, presorting, and drop shipping mail into the collection stream. FedEx, a major competitor of the Postal Service, now is part of its transportation system. Some postal retail services (such as stamp sales) are offered in the private arena. We need seriously to think about whether

the Private Express statutes on the whole help or hurt the economy, mailers, the Postal Service, and postal workers. In deregulated industries, some types of jobs grow. Classic monopoly theory holds that monopolists often seek to reduce output. A more competitive postal industry may produce more and better paying jobs, as well as greater efficiencies for society as a whole even if there are those who must suffer some change.

I believe that if we are to continue regulating the Postal Service as a monopoly, the PRC needs some added authority, such as subpoena authority. Truth-in-advertising laws should apply to the Postal Service as well, though the FTC should administer these. And, we should seek to ensure that private sector companies that compete with the Postal Service have a level playing field in terms of the laws that affect them and the Service (e.g., parking, zoning).

I do think that too much has been made of the need for laws to shorten the ratemaking process. At the recent ratemaking summit there was general agreement that the current ten-month process was not a problem. Recent cases have shown the Commission can act rapidly in smaller cases. If particular competitive conditions make current pricing of a single product unappealing, the Postal Service should be quick to file single product rate cases. The Commission is open to any suggested improvements in its procedures, including its omnibus rate procedures.

3. **Do you view the Postal Service as fundamentally operating more like a private sector business or more like a federal agency? Are changes needed to redirect the Service? If so, what are they?**

The Postal Service seems to choose the mantle that benefits it in any particular situation. During rate cases parties and the Commission are sometimes frustrated when the Service refuses to release information on competitive grounds, much as a private sector company would. At the same time the Service is quick to assert protections afforded governments, such as immunity from some types of lawsuits. I think it can be fairly said that Congress intended it to operate with two hats, wearing one while holding the other in reserve. Is that a good idea? I believe that in the long run the public will benefit from added competition in the postal arena.

4. **Recent data shows that the Postal Service is facing declining mail volumes and revenues in some of its key revenue-producing areas, such as First-Class Mail and Standard Mail. What approach should the Postal Service take to maintain its viability and competitiveness in light of these changes? What role, if any, do you believe the PRC should play in identifying opportunities for the Postal Service to pursue to increase revenue?**

As to First-Class mail, I think we are seeing a fundamental change in the way society does much of its business and communicates. I am comfortable ordering merchandise

now via computer. We no longer count our wealth in how many gold coins or hard currency we possess. Rather, our wealth consists of digits in a bank's database. In Finland, where I lived, the population has accepted this transition to a low-paper economy. Indeed, to the extent that electronic communications are cheaper and more efficient, we should welcome the change because it will further increase industrial productivity, in turn making U.S. products more attractive to the world. This will make us all better off. However, if the Postal Service can develop reliable First Class mail products with added value such as personal IDs, and delivery confirmation for individual letters, there may be an opportunity for higher revenue even in a First Class mail stream that is diminishing in size.

The Postal Service can serve America best during what I see as a fairly lengthy transition by continuing to cut its costs, providing competition to purveyors of electronic media. In time the Service may lose the fight to, *e.g.*, electronic bill payment. But our economy will profit by the battle. That said, the Service needs to continue offering worksharing incentives to mailers, where the mailer can do part of the job more efficiently. But to ensure that the Postal Service is not giving work sharing discounts that are too high, it must be vigilant in analyzing its costs and production processes. The Commission's greatest value is not in trying to find new revenue opportunities for the Postal Service, though we should continue to make suggestions, but in helping the Postal Service correctly analyze its costs and pricing strategies. That is why additional PRC authority to collect information is so necessary.

5. **Many suggestions have been made on ways that the Service could reduce costs and improve productivity. What, if anything, should the PRC do to encourage cutting costs and improving efficiency in postal operations?**

The Commission has a long history of suggesting ways the Postal Service could do its job better, and sometimes the Postal Service has viewed this with hostility as if we were trying to manage its operations directly. The public should understand and the Commission needs to stress in its analysis and opinions that the Commission and the Service are part of a team, and that a questioning voice can lead to a better result. Our own Office of the Consumer Advocate, with my full support, also has played a role in providing an alternative analysis. I think the Commission should continue to point out any service deficiencies that exist, especially with regard to services households use. Households do not have the clout that large mailers have to get the Service to improve operations.

During cases, the Commission traditionally has listened closely to mailers' suggestions for productivity improvements and closely examined their cost cutting and efficiency ideas. Ideas of merit are often showcased in our decisions for the Governors' consideration. In the past, the Postal Service was viewed as resistant to changes suggested by outsiders, but that attitude seems to be less prevalent. We should seek a better relationship with the Postal Service so that these exchanges of ideas are looked

upon positively by the Service.

6. **The Postal Service was heavily impacted by the effects of the letters containing anthrax sent through the mail last fall. The Service has incurred significant costs in responding to these attacks and is considering a potentially expensive array of detection and prevention actions to safeguard its system and postal employees in the future. Recent events, including the discovery of additional evidence of anthrax in the Wallingford, CT mail processing facility, where decontamination efforts were undertaken when anthrax was found on some machinery last fall, and of pipe bombs placed in rural mailboxes in Iowa, Illinois and Nebraska, demonstrate that the Postal Service's experiences with terrorism and its aftermath are not yet over. What are the potential impacts of these detection and prevention actions on postal operations and service delivery? How should these additional costs for enhancing mail security be funded?**

We cannot predict what, if any, terrorist uses of the mail system will occur. I believe there are mechanisms in the current law that recognize the Postal Service may face huge unexpected expenses. In every recent omnibus rate case the Postal Service has requested a "reasonable provision for contingencies" under 49 U.S.C. §3621. Generally, but not always, the Commission has recommended what the Governors have requested. At the same time, the Postal Service historically has faced disruptions to its system, whether from widespread severe weather conditions such as blizzards and hurricanes, economic downturns, or new technology. In no situation prior to the anthrax attack has the Postal Service ever suffered more than a glancing blow. There always is another rate case just around the corner. Were there to be a truly catastrophic occurrence, the Commission could act to process an emergency rate request very quickly. (In the direst case, Congress could act to alter rates.) The settlement of the last rate case shows that under current law all parties can work together to meet extraordinary situations. I think the current contingency system has worked well, though I hope we will work to improve the economic analysis underlying the amount considered necessary as a contingency.

Generally speaking, users of a service should pay for them. This prevents overuse of the services by society. Economists would say a misallocation of resources occurs. In a critical situation where an immense transfusion of cash is necessary, emergency appropriations by Congress should be considered. In the long run, however, society is best served by willingness for users of a service to pay for the amount and type of services it demands.

7. **Some concerns have been raised about whether it is appropriate for the Postal Service to offer certain new products and services. What are your views regarding whether it is appropriate for the Postal Service to offer products and services that compete with private sector companies? What role, if any, should the PRC play in ensuring "fair competition?"**

There is no neat formula for determining the appropriate bounds for new Postal Service products and services. As a general rule, though, the Postal Service should stick to its core competencies. It should not seek to provide services where the private sector is already offering them, and there is no special need for added competition. The danger of Postal Service competition is that it may seek to fund its forays out of captive profits — from the First Class ratepayers. It is easy to say that a regulator should be able to detect cross subsidies, but accounting is a complex art form. However, the Postal Service should be allowed to continue offering competitive services that it has offered in the past. For example, the competition among companies for express deliveries is fierce, and healthy. We should not foreclose all new products, even if there is some similar existing service provided by the private sector. But new products should involve “postal” service, i.e., a new Postal Service product should be required to complement an existing product, and designed to permit efficiencies such as added economies of scope or scale.

The Commission, of course, has to ensure that the proposed fees cover costs and contribute fairly to overhead. Under 39 U.S.C. §3622 (b)(4) we are required to consider the effect of rate increases on, among others, enterprises in the private sector engaged in the delivery of mail matter other than letters.

When private sector companies object to a Postal Service initiative, we need to pay greater attention to actual effect on competition, though, and not just bare assertions of competitive harm. This is the position I took in the Commission’s *Mailing Online Experiment* case, Docket No. MC-2000-2. In short, I would use many of the economic principles developed during decades of antitrust analysis to judge competitive effects.

8. **The Postmaster General and several Board members have expressed concern that the current ratemaking process is too restrictive and limits the Postal Service’s ability to quickly adjust postage rates in a highly competitive and changing marketplace. Others believe that the current system moves relatively quickly when compared to other agency proceedings and argue that the rate process should continue to allow for full discussion of the basis for the Postal Service’s request and a complete airing of the opposing concerns. Do you believe changes are needed in this area, and, if so, what types of changes? How can the PRC and the Postal Service work effectively with postal stakeholders, including mailers and employee organizations, to improve the postal ratemaking process?**

Reluctantly, I must admit to being disappointed in the responses of Postal Service staff during the ratemaking summit to some of the suggested improvements in the process. I agree with PMG Potter that we need to act more cooperatively in such matters and I look forward to continued dialogue. Further, I think the Commission (and mailers) can act expeditiously during times of crisis. If changes in postal rates are needed extremely quickly, I see no reason why the Postal Service cannot propose some sort of rate band for a product beyond which the rate cannot fluctuate, or a rate that may change automatically if a substantial cost component thereof were to change. One example would be a rate

with high transportation costs that could vary according to a fuel surcharge. These should be commercial rates, so as not to unduly confuse the public with frequent rate changes.

9. **Some parties have criticized the quality and timeliness of the data used by the Postal Service to support proposed rate increases before the PRC. Do you believe the quality and timeliness of this data are adequate or do they need to be improved? Are changes in the ratemaking process needed to incorporate more timely information?**

There is always room for improvement in the data. For one thing, costs are always changing because processes are always being updated. Operational protocols may be in flux. Notwithstanding these considerations, the Postal Service takes about nine months to make fiscal year data ready for publication to the PRC. This is much too long. Postal management and the Commission should have access to reliable data within 60 to 90 days after the close of each quarter in order to analyze the effects of operating results on prices. At the same time, the Commission should have the authority to subpoena existing data, and direct the production of certain types of data, even to the extent of compelling that studies be done in a certain manner. This would speed the disclosure of data and perhaps shorten the time frames for cases.

10. **Many postal customers are concerned about the prospect of more frequent and larger rate increases as the Postal Service faces an increasingly difficult financial situation. What are your views with respect to the need and timing of rate increases?**

The law now leaves these timing issues to the Governors. That is appropriate under the current regulatory scheme. The current 10-month process provides an appropriate amount of time in which to consider such increases. The need for rate increases can be determined only on a case-by-case basis, and to a large extent it depends on management's ability to operate efficiently. I would observe that rate changes affecting single classes can be processed much more quickly than omnibus cases.

11. **In its Transformation Plan, issued in April 2002, the Postal Service stated that it would begin working with the PRC and the mailing community to develop rules that would allow the Postal Service to implement rate increases at defined intervals over a number of years. What are your views on this proposed approach?**

The Commission and its staff have had many internal discussions in the abstract about phased rates. In general the idea seems to be workable, though the projection of costs, revenues and volumes becomes increasingly difficult the longer the time period under consideration. I cannot make a firm judgment until I see a concrete proposal.

12. **The Postmaster General convened two “summits,” on May 28 and June 27, with the PRC and the mailing community to address issues raised by the Transformation Plan. What role do you think the PRC should play in the implementation of the Transformation Plan? What issues do you believe need to be addressed as part of this transformation process? Have these summits been effective in advancing resolution of the issues discussed?**

The Commission has a somewhat limited role to play under the law. We are to do the best job of recommending rates, classifications and changes in the nature of postal services that we can, using the best set of procedures we can devise with the information the Postal Service provides. However, we should continue to offer ideas, such as those offered the last time the Commission appeared before Senator Akaka. I submitted individual comments about the future of the Service at that time.

I would add that the Transformation Plan totally ignored the demonopolization issue. It is one that eventually must be addressed.

Although sometimes public meetings such as summits do not seem to accomplish much in the short run, the exchange of ideas is always healthy, and over time the good ideas should float to the top. These summits were viewed by most participants as a positive, if small, first step.

13. **Negotiated Service Agreements (NSAs) are customized mail service and postage rate agreements with particular mailers or groups of mailers that are tailored to the mailers’ use of the postal system. In a February 2002 report to Congress, the PRC stated that current law allows the Postal Service to enter into NSAs with mailers as long as the changes are filed as a request before the PRC and any NSA the Postal Service does enter into does not “make any undue or unreasonable discrimination among users of the mails” or “grant any undue or unreasonable preferences to any such user.” As you know, the Postal Board of Governors sent its first NSA proposal to the PRC on September 6, 2002. What are your views on whether the Postal Service should enter into NSAs?**

The Postal Service has been seeking legislation for a procedure that we believe is available to them under current law. Some would argue that the Postal Service has always had NSAs, or niche classifications. For example, only film developing companies can realistically use one special service fee option. Economic theory holds that price discrimination can increase total output, benefiting the seller as well as the buyers who previously were not purchasing the product at the single price. Buyers at the old single price may even benefit over time if the new volume helps cover institutional costs. Whether any one pricing scheme has such an overall benefit to consumer welfare is impossible to predict in the abstract. A good discussion of this principle is contained in *Economics of Regulation and Antitrust*, 2nd ed., Viscusi, Vernon and Harrington, pp. 290-

95. I will be very attentive to the overall effect on consumer welfare from any NSA filing. Please note that the NSA was filed on September 19, 2002 and has been given the docket designation of MC2002-2.

14. **A major issue frequently raised by the public relates to the Postal Service's decisions on locating, relocating, or closing post offices. Some are concerned that the Postal Service does not adequately involve affected communities in the decisionmaking process. Others believe that the Postal Service will not be able to make necessary changes if there are too many restrictions on the Service's ability to implement such changes. What are your views on this issue?**

I think the public's views should be taken into account. Post offices with historical and architectural significance should be preserved. Further, the Service should be bound by local zoning laws. However, I also believe that one must continually reassess and readjust retail outlet location and quantity in a demographically dynamic society such as ours. Many communities like relocations. I think much of the steam can be taken out of this issue if the Postal Service expands retail services by partnering with private businesses. Some news reports indicate this is already happening. Banks are appearing in grocery stores across the country. Perhaps post office windows will be next. I think Americans will like the idea once they get used to it. Consumers may find the added locations more convenient, with better hours. The Postal Service may incur lower window costs. It is an idea that needs more exploration. Also, it should be noted that rural households get many services straight from the carrier.

15. **The Postal Service announced in its Transformation Plan that it is removing its moratorium on post office closings and is reviewing which postal facilities may be closed. The Service's decisions in this area will be closely scrutinized. Although only the Postal Service may decide to close or consolidate a post office, the PRC has the authority to review these decisions if an individual served by the post office files a complaint. Do you believe the criteria that the PRC must follow are adequate to determine whether the Postal Service followed all required procedures? Do you believe the PRC should have any additional authority in this process?**

Commission authority in this area is minimal and perhaps the scope of this authority should be reviewed.

IV. Relations with Congress

1. Do you agree without reservation to respond to any reasonable summons to appear and testify before any duly constituted committee of the Congress if you are confirmed?

Yes.

2. Do you agree without reservation to reply to any reasonable request for information from any duly constituted committee of the Congress if you are confirmed?

Yes.

V. Assistance

1. Are these answers your own? Have you consulted with the U.S. Postal Service or any interested parties? If so, please indicate which entities.

These answers are my own. I have not consulted with anyone other than my special assistant, and the Commission's General Counsel.

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

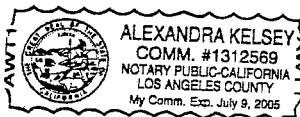
AFFIDAVIT

I, Ruth Y. Goldway, being duly sworn, hereby state that I have read and signed the foregoing Statement on Pre-hearing Questions and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

Ruth Y. Goldway

Subscribed and sworn before me this 20 day of SEPTEMBER 2002.

Alexandra Kelsey
Notary Public



BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

A. BIOGRAPHICAL INFORMATION

1. **Name:** (Include any former names used.)
Tony Hammond
2. **Position to which nominated:**
Postal Rate Commission
3. **Date of nomination:**
April 10, 2002
4. **Address:** (List current place of residence and office addresses.)

5. **Date and place of birth:**
4/13/56
Humansville, MO
6. **Marital status:** (Include maiden name of wife or husband's name.)
Divorced.
7. **Names and ages of children:**
None.
8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.
1974-1978
Southwest Missouri State University
Springfield, Missouri
Bachelor of Science Degree, May 1978
9. **Employment record:** List all jobs held since college, including the title or description of job, name of employer, location of work, and dates of employment. (Please use separate attachment, if necessary.)
*Contained in Attachment A.
10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with federal, State, or local governments, other than those listed above.
None.

11. **Business relationships:** List all positions currently or formerly held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

Feather, Larson & Synhorst, LLC
St. Paul, MN
Consultant

National Republican Congressional
Campaign Committee
Washington, DC
Consultant
12. **Memberships:** List all memberships and offices currently or formerly held in professional, business, fraternal, scholarly, civic, public, charitable and other organizations.

None.
13. **Political affiliations and activities:**
 - (a) List all offices with a political party which you have held or any public office for which you have been a candidate.

Greene County Missouri Republican Central
Committee Member 1978-1979
 - (b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

*Contained in Attachment A.
 - (c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of \$50 or more for the past 5 years.

*Contained in Attachment B.
14. **Honors and awards:** List all scholarships, fellowships, honorary degrees, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

Phi Alpha Theta National History Honor Society
Pi Sigma Alpha National Political Science Honor
Society
15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

None.
16. **Speeches:** Provide the Committee with four copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

None.

17. **Selection:**

- (a) Do you know why you were chosen for this nomination by the President?

The President knows that I will handle all cases and issues that come before the Postal Rate Commission in a fair, impartial and responsible manner. I will maintain the high ethical standards the President has set for all nominees for service in the federal government and work toward the best interests of all parties involved in any changes in postal rates, fees and classifications.

- (b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

My experience includes ten years' work on Capitol Hill as Legislative Director for the then-Ranking Member of the House Post Office and Civil Service Committee, Gene Taylor of Missouri.

In that position, I worked with practically everyone who was affected by postal rates. From the Postmaster General's office and the postal unions to representatives of the mailing industry, shippers and postal competitors, I dealt with the diverse interests who were concerned with postal rates and the U. S. Postal Service.

This experience provides me with a good background for dealing with the cases and issues that will come before the Postal Rate Commission.

B. FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

Yes.

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

No.

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

No.

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

No.

5. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

Yes.

C. POTENTIAL CONFLICTS OF INTEREST

1. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

None.

2. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy other than while in a federal government capacity.

None.

3. Do you agree to have written opinions provided to the Committee by the designated agency ethics officer of the agency to which you are nominated and by the Office of Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position?

Yes.

D. LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

No.

2. To your knowledge, have you ever been investigated, arrested, charged or convicted (including pleas of guilty or nolo contendere) by any federal, State, or other law enforcement authority for violation of any federal, State, county or municipal law, other than a minor traffic offense? If so, provide details.

No.

3. Have you or any business of which you are or were an officer, director or owner ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

No.

4. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

None.

E. FINANCIAL DATA

*The answers to the Financial portion of this Questionnaire
are available for inspection in SD-340.*

AFFIDAVIT

TONY HAMMOND being duly sworn, hereby states that he/she has read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of his/her knowledge, current, accurate, and complete.

Subscribed and sworn before me this 25th day of April, 2002

Tony Hammond
Quida M. Stansbury
Notary Public
My Commission Expires
9/30/06

Tony Hammond
ATTACHMENT A

A. BIOGRAPHICAL INFORMATION

10. **Employment Record:** List all jobs held since college, including the title or description of job, name of employer, location of work, and dates of employment.

T. Hammond Company, LLC , Arlington, VA <i>Owner/Managing Member</i>	2000-present
Forbes 2000, Inc. Irvine, CA Alexandria, VA <i>Senior Consultant/California Director</i>	1999-2000
Republican National Committee , Washington, DC <i>Political Director</i>	1998-1999
<i>Regional Field Representative</i>	1995-1997
<i>Field Finance Representative</i>	1994-1995
Missouri Republican Party , Jefferson City, MO <i>Executive Director</i>	1990-1994
<i>Finance Director</i>	1989-1994
Congressman Gene Taylor (R-MO) , Washington, DC Springfield, MO <i>Legislative Director</i>	
<i>District Assistant</i>	1979-1989

Tony Hammond
ATTACHMENT B

A. BIOGRAPHICAL INFORMATION

13. Political affiliations and activities

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of \$50 or more for the past five years.

1997

Gilmore for Governor (Virginia)	\$150
Hager for Lt. Governor (Virginia)	\$100
Friends of Fischbach (Minnesota State Senate)	\$100
Missouri Republican Party	\$ 25

1998

Committee to Elect Tobin (Maine Legislature)	\$100
Kit Bond for U. S. Senate (Missouri)	\$100
Kise for State Senate Committee (Florida)	\$100
Matt Blunt for State Representative (Missouri)	\$100
Friends of Delbert Scott (Missouri Legislature)	\$200
Paul Ryan for Congress Committee (Wisconsin)	\$ 25
Rohrbach for State Senate (Missouri)	\$100
Missouri Republican Party	\$ 25

1999

Michel for State Representative (Florida)	\$150
Ashcroft for Senate Committee (Missouri)	\$250
Missourians for Matt Blunt (Secretary of State)	\$ 50
Eli Pirozzi for Congress Committee (California)	\$125

2000

Missourians for Matt Blunt (Secretary of State)	\$200
Michel for State Representative (Florida)	\$100
George W. Bush for President	\$1,000
Todd Graves for Treasurer Committee (Missouri)	\$200
Missouri Republican Party	\$100
Bailey for Lt. Governor (Missouri)	\$100
Sam Graves for Congress (Missouri)	\$200
Akin for Congress Committee (Missouri)	\$200

**Pre-Hearing Questionnaire for the
Nomination of Tony Hammond to be
a Commissioner, Postal Rate Commission**

I. Nomination Process and Conflicts of Interest

1. Were any conditions, expressed or implied, attached to your nomination? If so, please explain.

No.

2. Have you made any commitments with respect to the policies and principles you will attempt to implement as a Commissioner on the Postal Rate Commission (PRC)? If so, what are they and to whom have the commitments been made?

No.

3. If confirmed, are there any issues from which you may have to recuse or disqualify yourself because of a conflict of interest or the appearance of a conflict of interest? If so, please explain what procedures you will use to carry out such a recusal or disqualification.

No.

II. Role and Responsibilities of a Postal Rate Commissioner

2. How do you view the role of a PRC Commissioner? What would you highlight from your experience that will enhance your effectiveness in this role?

The role of a Commissioner is to serve as an independent arbiter of the solvency of the US Postal Service.

While considering changes in postal rates, fees and classifications, the Postal Rate Commission has the ability to provide concentrated analysis on the costs, revenues and volumes of the Postal Service. Accuracy in these areas is essential to the PRC being able to set fair postal rates and fees while taking into account the positions of all the parties in any rate case.

My experience includes ten years' work as Legislative Director to a former ranking member of the House postal oversight committee. In that position, we worked with practically everyone who was affected by postal rate changes. It provides me with a background for understanding the issues facing all in the postal community.

3. What would be your priorities as a Commissioner?

The main priority of a Commissioner must be to see that all the cases and issues that come before the Commission are handled in a fair, impartial and responsible manner. Integrity during the process in all the actions taken by the Postal Rate Commission with regard to postal rate changes is vital to all the interested parties.

4. What do you see as the main challenges facing the Postal Service? How should the PRC work with postal management to address these challenges?

The long-term viability of the Postal Service is a major challenge. New technologies, such as electronic billing and payments, internet-enabled data interchange and pre-authorized debits have reduced the reliance on the Postal Service for everyday mail delivery.

The Postal Service was also greatly impacted by the anthrax mailings last year, resulting in reduced mail volume and increased costs associated with the terrorist attacks. The recent mailbox pipe bombings showed that additional anti-terrorist actions are necessary. These problems and the recent budget deficits show that the Postal Service is in a very difficult situation.

The Postal Rate Commission is in the position of providing the ongoing analysis necessary to track the changes in mailing and should be considered a resource to the Postal Service and the mailing community alike.

5. What do you see as the main challenges facing the PRC? What will you do, if confirmed as a Commissioner, to help the PRC address these challenges?

From an organizational standpoint the Postal Rate Commission appears to function efficiently. The PRC has a definite strength with its in-depth analysis and an impartial hearing process that has worked well.

Since I am not a Commissioner currently, I do not want to pre-judge operations of the Commission. However, I would work diligently with the other Commissioners and any interested parties on problems that arise.

III. Policy Questions

1. Recently, much attention has been focused on the Postal Service's deteriorating financial situation and its outlook for the future. What do you think the Postal Service needs to do to address its financial situation and ensure its future viability?

As outlined earlier, there are many issues that have led to the deteriorating financial situation of the Postal Service. It is a growing problem as the Postal Service nears its statutory debt ceiling.

The Postal Service's recent actions may have temporarily helped its financial situation but are not a long-term solution to its future viability. While I do not have an easy answer to their current financial problems, I do not believe that they can rely solely on continued rate increases. Postal customers and affected major mailers will not stand for it.

2. What are your views on the extent to which fundamental reform is needed in the laws and regulations that govern the Postal Service? In what areas of postal operations do you think such reform may be needed? Are changes needed to the role of the PRC as part of postal reform to strengthen its regulatory oversight responsibilities?

With the Transformation Plan and congressional hearings now focusing on the financial situation of the USPS, it's premature to say exactly what changes will be most beneficial to keeping the Postal Service a relevant entity to the public. The Postal Service should increase its focus on the level of service they provide during this process.

However, as long as the Postal Service operates with a monopoly on all household mailboxes, there should be a regulatory presence to insure there is no abuse of the Postal Service's monopoly power. Giving the Postal Rate Commission more regulatory oversight may be necessary in this regard.

3. Do you view the Postal Service as fundamentally operating more like a private sector business or more like a federal agency? Are changes needed to redirect the Service? If so, what are they?

The USPS is an establishment of the executive branch of the United States Government. But it is not a typical federal agency, nor a private business. It is unique.

As long as universal service of mail is deemed to be a paramount responsibility it will not operate like a usual private sector business. A private sector firm would not provide retail facilities in some areas that the Postal Service does, nor would it probably provide the same nationwide rate or fee regardless of what it cost to provide that product or service.

4. Recent data shows that the Postal Service is facing declining mail volumes and revenues in some of its key revenue-producing areas, such as First-Class Mail and Standard Mail. What approach should the Postal Service take to maintain its viability and competitiveness in light of these changes? What role, if any, do you believe the PRC should play in identifying opportunities for the Postal Service to pursue to increase revenue?

As long as the law remains as it currently is, it is not within the purview of the Postal Rate Commission to go to the Postal Service and tell it what changes to make to increase revenue. Rather, it is the Postal Service that has to first make the case and then brings it to the Postal Rate Commission for consideration. The Commission should, however, be viewed as a resource available because of its ability to provide balanced analysis.

5. Many suggestions have been made on ways that the Service could reduce costs and improve productivity. What, if anything, should the PRC do to encourage cutting costs and improving efficiency in postal operations?

The Postal Rate Commission has a very good reputation for fair and balanced analysis of the costs, revenues and volumes of the Postal Service. The PRC and the Postal Service can and should use that talent to maintain constant reporting of trends in those areas and to bring specific financial problem-areas to the attention of the Postal Service.

6. The Postal Service was heavily impacted by the effects of the letters containing anthrax sent through the mail last fall. The Service has incurred significant costs in responding to these attacks and is considering a potentially expensive array of detection and prevention actions to safeguard its system and postal employees in the future. Recent events, including the discovery of additional evidence of anthrax in the Wallingford, CT mail processing facility, where decontamination efforts were undertaken when anthrax was found on some machinery last fall, and of pipe bombs placed in rural mailboxes in Iowa, Illinois and Nebraska, demonstrate that the Postal Service's experiences with terrorism and its aftermath are not yet over. What are the potential impacts of these detection and prevention actions on postal operations and service delivery? How should these additional costs for enhancing mail security be funded?

Terrorist or other criminal attacks on our personal system of communications, located near our homes and families, can have a terrible effect on the confidence of the public that their government can keep them from harm. No other agency comes to your house almost every day and puts something in your hands. As long as there is a national postal agency, mail recipients have a right to expect that items provided them by the Postal Service are safe. Congress and the Administration came through when funds were made available to meet the extraordinary challenges of last fall.

If the Postal Service came before the Postal Rate Commission with a rate increase because they had requested and had been denied funds by the Congress for terrorist-related safety measures, the PRC would have to seriously consider it. However, the PRC would also have to take into account the views of the mailers affected by the rate changes before determining if a rate change was warranted. That is the purpose of the PRC hearings process.

7. Some concerns have been raised about whether it is appropriate for the Postal Service to offer certain new products and services. What are your views regarding whether it is appropriate for the Postal Service to offer products and services that compete with private sector companies? What role, if any, should the PRC play in ensuring "fair competition?"

While the Postal Service must look at their options to be a fiscally viable entity, I do not see why it should increase its competition with private sector companies. Private enterprise does a good job of providing those services the public demands.

The Postal Rate Commission should consider the effect on private sector companies, along with everyone else affected, in evaluating requests the Postal Service proposes.

8. The Postmaster General and several Board members have expressed concern that the current ratemaking process is too restrictive and limits the Postal Service's ability to quickly adjust postage rates in a highly competitive and changing marketplace. Others believe that the current system moves relatively quickly when compared to other agency proceedings and argue that the rate process should continue to allow for full discussion of the basis for the Postal Service's request and a complete airing of the opposing concerns. Do you believe changes are needed in this area, and, if so, what types of changes? How can the PRC and the Postal Service work effectively with postal stakeholders, including mailers and employee organizations, to improve the postal ratemaking process?

I am familiar with the concerns that have been expressed. However, while the current ratemaking process does take time, it was set up to assure that the views of everyone affected by comprehensive and complicated rate change requests are taken into account.

The Postal Rate Commission must be responsible for seeing that the Commission itself does not burden the Postal Service or postal stakeholders by inaction once a rate change request comes to it. To be fair to all parties, those matters must be handled in a timely manner.

9. Some parties have criticized the quality and timeliness of the data used by the Postal Service to support proposed rate increases before the PRC. Do you believe the quality and timeliness of this data are adequate or does they need to be improved? Are changes in the ratemaking process needed to incorporate more timely information?

I am aware that the quality and timeliness of the data received by the Commission in the past has been questioned. It is extremely important for the Postal Service to provide accurate, timely information to the Commission or the PRC cannot effectively do its job in ratemaking cases. I would work toward that goal as a Commissioner.

10. Many postal customers are concerned about the prospect of more frequent and larger rate increases as the Postal Service faces an increasingly difficult financial situation. What are your views with respect to the need and timing of rate increases?

Postal customers should indeed be concerned about the prospect of more frequent and larger rate increases. As stated before, postal customers and major mailers will not stand for

ever-increasing rates. No private business could survive with such a strategy. The Postal Service should not expect to survive either, if their only answer is raise rates and do it more frequently.

11. In its recently released Transformation Plan, the Postal Service stated that it would begin working with the PRC and the mailing community to develop rules that would allow the Postal Service to implement rate increases at defined intervals over a number of years. What are your views on this proposed approach?

I understand that the issue of phased rate increases will be a focus of the current ratemaking summit jointly sponsored by the Postal Service and the Postal Rate Commission. During those open meetings, mailers and the Service will explore whether phasing increases would be beneficial.

If a consensus is reached that the concept is worth exploring further, attempts to develop implementing rules might be appropriate. I would reserve final judgment while those discussions are occurring.

12. The Postmaster General recently announced his intention to convene a "summit" with the PRC and the mailing community to address issues raised by the Transformation Plan. What role do you think the PRC should play in the implementation of the Transformation Plan? What issues do you believe need to be addressed as part of this transformation process?

The Postal Rate Commission was specifically set up to be a fair and impartial entity and not to represent either the mailing community or the Postal Service. With that in mind, I see no reason why the PRC, because of its expertise in certain areas, cannot be involved in discussing issues raised by the Transformation Plan.

The issues to be discussed have been highlighted very well in the recent congressional hearings. I would say, however, that no one involved in transformation plan discussions should attempt to define "universal postal service" without the strong input of the Congress.

13. Negotiated Service Agreements (NSAs) are customized mail service and postage rate agreements with particular mailers or groups of mailers that are tailored to the mailers' use of the postal system. In a February 2002 report to Congress, the PRC stated that current law allows the Postal Service to enter into NSAs with mailers as long as the changes are filed as a request before the PRC and any NSA the Postal Service does enter into does not "make any undue or unreasonable discrimination among users of the mails" or "grant any undue or unreasonable preferences to any such user." What are your views on whether the Postal Service should enter into NSAs? What role do you think the PRC should play in considering any NSAs for approval?

It is a fairness issue. The Postal Rate Commission is the entity responsible under the statute for requiring that rates be fair and equitable and that they generate enough revenue to enable the Postal Service to break even. These principles should be adhered to.

To allow Negotiated Service Agreements without the PRC procedure would be an abrogation of responsibility. The proceedings assure fairness in this area.

14. A major issue frequently raised by the public relates to the Postal Service's decisions on locating, relocating, or closing post offices. Some are concerned that the Postal Service does not adequately involve affected communities in the decisionmaking process. Others believe that the Postal Service will not be able to make necessary changes if there are too many restrictions on the Service's ability to implement such changes. What are your views on this issue?

As long as the Postal Service has their current monopoly situation, extra care must be taken to see that the views of the affected communities in the closing and relocating of post offices are fully considered.

The regulations governing the discontinuance and relocating of existing post offices provide for a specific appeals process and the Postal Rate Commission must see that this appeals process is fully followed.

15. The Postal Service recently announced in its Transformation Plan that it is removing its moratorium on post office closings and is reviewing what postal facilities may be closed. The Service's decisions in this area will be closely scrutinized. Although only the Postal Service may decide to close or consolidate a post office, the PRC has the authority to review these decisions if an individual served by the post office files a complaint. Do you believe the criteria that the PRC must follow are adequate to determine whether the Postal Service followed all required procedures? Do you believe the PRC should have any additional authority in this process?

From my reading of the regulations, they provide adequately for the following of the appeals process. I would not want to say whether the Postal Rate Commission needs additional authority until I had actually been involved in PRC reviews as a Commissioner. If it were found that the Postal Service has not followed the process, additional authority would be necessary.

IV. Relations with Congress

1. Do you agree without reservation to respond to any reasonable summons to appear and testify before any duly constituted committee of the Congress if you are confirmed?

Yes.

2. Do you agree without reservation to reply to any reasonable request for information from any duly constituted committee of the Congress if you are confirmed?

Yes.

V. Assistance

1. Are these answers your own? Have you consulted with the U.S. Postal Service or any interested parties? If so, please indicate which entities.

The answers are my own. I did not consult with the U. S. Postal Service or any interested parties. I did request and receive research information from staff at the Postal Rate Commission.

AFFIDAVIT

I, TONY HAMMOND, being duly sworn, hereby state that I have read and signed the foregoing Statement on Pre-hearing Questions and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

Tony Hammond

Subscribed and sworn before me this 5 day of JUNE, 2002.

Debbie. P. Washburn
Notary Public
April 30, 2004